

## **ATTACHMENT C**

# **Anti-Competitive Local Exchange Carrier Actions**

Release II  
November 4, 1999

**Certain materials in this booklet are CONFIDENTIAL and have been provided pursuant to requests from Congressional offices and federal regulators to provide evidence of threats to competition in the telecommunications industry. This booklet is not intended for replication or distribution beyond its original recipient.**

---

**TABLE OF CONTENTS**

1.	LOCAL EXCHANGE CARRIERS' DISCRIMINATORY ACTIONS HINDER COMPETITION..	1
2.	ANTI-COMPETITIVE LEC ACTION—AMERITECH.....	2
3.	ANTI-COMPETITIVE LEC ACTION—BELL ATLANTIC .....	7
4.	ANTI-COMPETITIVE LEC ACTION—BELLSOUTH.....	12
5.	ANTI-COMPETITIVE LEC ACTION—GTE .....	15
6.	ANTI-COMPETITIVE LEC ACTION—US WEST .....	20
7.	CERB GUIDELINES .....	24

## **1. LOCAL EXCHANGE CARRIERS' DISCRIMINATORY ACTIONS HINDER COMPETITION**

In March of this year, Federal TransTel, Inc. (FTT) released a document showing specific examples of discriminatory actions by Local Exchange Carriers (LECs) against competitive telecommunications providers and the billing clearinghouses that serve them. This updated release is intended to show how the LECs continue to disadvantage competitive services that use the LEC bill to reach their customers. By favoring their own add-on telecommunications services with regard to conditions for billing and collections, LECs receive an unfair advantage in the telecommunications marketplace.

The competition resulting from the Telecommunications Act of 1996 has stimulated the proliferation of telecommunications-related products and services. Consumers now benefit from a number of enhanced, or "ancillary," telephony products, including new types of telephones, caller identification, personal 800 numbers, answering services, voice mail, paging, "follow me" calling, Internet access, Internet web hosting, and information and entertainment services. However, a few unscrupulous telecommunications entrepreneurs, coupled with consumer confusion about the changing marketplace, have led to a phenomenon known as "cramming." Cramming is the appearance of unauthorized charges on a consumer's local telephone bill. It is a serious consumer issue. Billing clearinghouses (the middlemen that consolidate charges from many small telecommunications companies and contract to place those charges on the local telephone bill) like FTT recognize the grave threat cramming poses to consumers and are aggressively fighting to end the practice (see the attached updated Standards of Practice for billing clearinghouses). At the same time, LECs are exploiting the cramming issue to hinder competition and keep the new markets to themselves.

Under the guise of implementing tough "pro-consumer" anti-cramming policies, LECs have imposed strict requirements on competitors who need the local telephone bill to reach their consumers. The LECs apparently do not hold their own ancillary products and services to the same strict requirements. Such policies are discriminatory.

It is critical that the telecommunications industry aggressively work to end cramming. At the same time, the government should ensure that LECs are not permitted to use cramming as a subterfuge to thwart competition. It is possible to protect consumers and enhance competition simultaneously. Regulators should work toward this goal.

## **2. ANTI-COMPETITIVE LEC ACTION—AMERITECH**

### **Denial of Billing Services to Competitors**

In May 1999, Ameritech refused billing for a provider of telephones and caller ID units. Ameritech claimed that the provider's rate structure could result in a total charge over Ameritech's arbitrary limit of \$50.<sup>1</sup> Ameritech does not apply this limit to itself. Ameritech bills the same product with no \$50 limit.

As an example, the competitive provider's cordless phone with caller ID and call waiting costs \$149.95 plus tax.<sup>2</sup> This amount is billed to the consumer's bill in 6 payments of \$24.99. Ameritech offers its own telephone with similar features for \$179.99 billed in installments of \$8.99 per month for 24 months.<sup>3</sup>

---

<sup>1</sup> E-mail from Ameritech to FTT dated June 1, 1999 (Exhibit 2-1)

<sup>2</sup> Advertisement from competitive provider (Exhibit 2-2)

<sup>3</sup> Ameritech website, <http://www.ameritech.com/navigation/site/1,1562,120,00.html> (Exhibit 2-3)

Exhibit 2-1

From: [REDACTED] SNER [Ameritech]  
Sent: Thursday, May 27, 1999 10:20 AM  
To: [REDACTED] [FTT]  
Subject: RE: 101 & 42

[REDACTED] [FTT]

This is my understanding regarding [REDACTED]. We recently denied two program requests for [REDACTED], S&H and Tax. The program they are associated with bills for phones in amounts exceeding the 50.00 limit.

You can resend the programs that were previously approved, however, from what we're seeing they would not be accepted. Regarding your comment about 6 month billing, please remember that we ceased billing in that manner and the \$50.00 limit is per program.

Thanks,  
[REDACTED] [Ameritech]

\*\*\*\*\*

Thanks for the FYI, for the most part it was all good news.

Yes, I will send over a subcic (name change) form on #101.

Oh and also re: #42 [REDACTED], you had stated that the associated program was never approved and it exceeded the \$50.00 limit and to stop billing immediately. I have copies of the approvals for the other related phrases which were approved. Shall I forward them to you? About the cap, if the equipment is billed over a 6 month timeframe, then the shipping nor the tax should exceed \$50.00....? Do you mean stop billing the previously approved phrases? Please advise.

\*\*\*\*\*

Is Ameritech saying to discontinue billing for [REDACTED] completely? We aren't currently billing there I don't think. Check with [REDACTED]. How is this amount over \$50.00? The phones are charged over 6 months and divided into payments less than \$50.00. Fight this. The associated programs were approved and you can fax [REDACTED] the approvals - they are in the folder. Only the tax and S&H weren't approved. Also, [REDACTED] is not on [REDACTED]'s list of need more info. Let me know what happens with this!!!

I told [REDACTED] so about the [REDACTED] program. [REDACTED]

-----Original Message-----

From: [REDACTED] [FTT Internal Memo]  
Sent: Wednesday, May 26, 1999 10:24 AM  
To: Account Mgmt Team  
Cc: [REDACTED]  
Subject: Approvals, Etc.

Please scroll down to see all information.

**#42 [REDACTED] Ameritech DENIED** text phrases: S&H & TAX: *"The associated programs for [REDACTED] were never approved, and the amounts are in excess of the \$50.00 limit. Please discontinue billing immediately."*

Exhibit 2-2

(1 of 2)

**Caller ID/Call Waiting  
Cordless 900 MHz Phone**

The [REDACTED] offers the convenience of a cordless telephone with an array of popular extra features. This new cordless telephone from [REDACTED] has the clarity and range available only with 900 MHz frequency. This higher frequency cordless telephone has an easy to read 5-line display built right into the handset. Now you know who's calling, even when you're away from the telephone base.

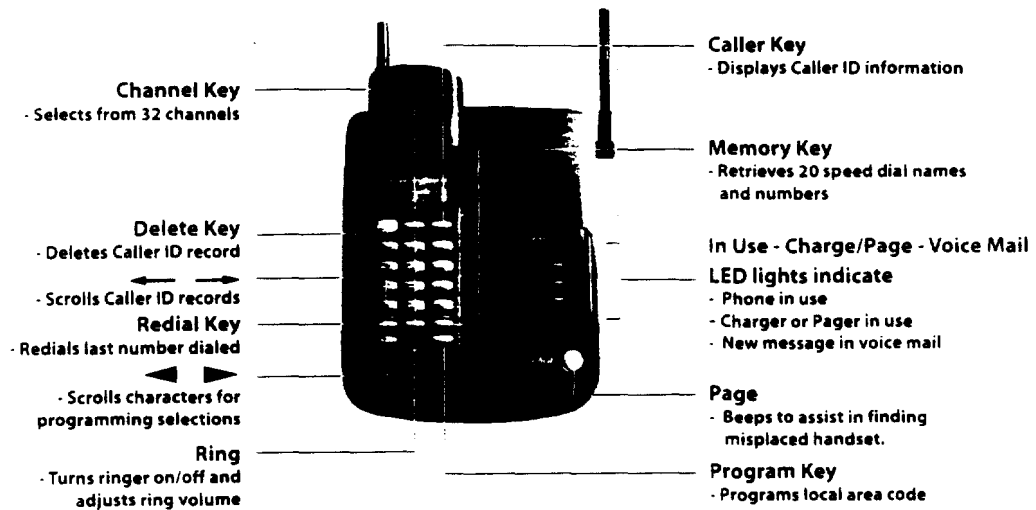
The [REDACTED] Noise Reduction System eliminates unwanted background noise allowing quieter, clearer sound quality. With the [REDACTED] the right cordless telephone you also have the versatility of adding optional headsets for hands-free phoning.

Speed dial, last number redial, auto channel scanning and an auto quick charging battery add to the reasons why this [REDACTED] the right cordless telephone for busy households and small office/home office environments.

The [REDACTED] cordless telephone provides you with quality, performance and value.

## Exhibit 2-2

(2 of 2)



### Features Include:

- Caller ID/Call Waiting (Type II)
  - Name and Number with Time/Day Stamp
  - 40 Number and Name Memory
  - Caller ID on Call Waiting
- 20 Number Speed Dial Memory
- Last Number Redial
- One Way Page
- Handset Receiving Volume Control
- One-Touch Dial from CID Log
- CCT Noise Reduction System
- One Million Combination
- Security ID Codes (Factory Preset)
- Auto Quick Charging Battery
- Wall Mountable
- Channel Select Key
- Auto Channel Scanning
- Hearing Aid Compatible
- Headphone Jack

### INCLUDED IN PACKAGE:

- 6-foot line cord with RJ-11 connectors
- Bilingual Owner's Manual
- Wall mount bracket
- AC adapter
- 1-year warranty





## Exhibit 2-3



AT HOME

# Telephones and Fax Machines

State: Michigan (reset) | View Cart: 0 Items

► Shop Online

► Products and Services

► ClearMax

► RangeMax Headphone

► RangeMax Cordless

► RangeMax w/Ans.Mach.

► Ultra RangeMax

► 2-Line RangeMax

► Basic 900MHz Cordless

► Show and Telephone

► Compact Wait&See

► 4-in-1 Fax

► Recommendations

► Customer Service

► Special Offers

### 900MHz CORDLESS PHONES

#### RangeMax 900 MHz Cordless Phone

RangeMax 900 MHz Cordless  
Phone (Black)



[Click to Enlarge](#)



RangeMax 900 MHz Cordless  
Phone (Off-White)



[Click to Enlarge](#)



\$179.99  
or only  
\$8.99 per  
mo. (for  
24 mo.)

**or Call to Order Today 1-888-635-5050**

Ameritech's 900MHz digital cordless phones provide superior range and clarity up to a block away. This Wait&See digital cordless phone has Caller ID display built right into the handset, so you can see who's calling and who's behind the Call Waiting beep - whether you're in the house, out in the yard, or even down the block.

#### Features Include:

- 900MHz digital operation with 3-5 times the range of traditional analog phones.
- 50-name/number Caller ID memory
- Caller ID display unit works with Call Waiting to let you see who's behind the Call Waiting beep. This service is called Wait&See.
- Voice Mail indicator on base and handset
- Speakerphone
- Keypad on base and handset
- Intercom between base and handset
- Backlit handset display with illuminated keypad
- Spare battery charger compartment with power backup
- 7 hours continuous talk time
- Low battery indicator
- Redial, hold and mute functions
- 1-year warranty
- 30-day money-back guarantee

### **3. ANTI-COMPETITIVE LEC ACTION—BELL ATLANTIC**

#### **Discriminatory Caps for Competitive Services**

Bell Atlantic has a billing cap of \$25.00 for telecommunications services provided by competitors to residential customers. Bell Atlantic markets its own services in excess of the cap. For example, Bell Atlantic offers paging services up to \$46.99 per month.<sup>4</sup> Competitors who offer paging services would be required to lower their price to \$25.00 in order to be approved for billing. Bell Atlantic also offers Integrated Services Digital Network (ISDN) Internet access to residential customers starting at \$34.95 per month.<sup>5</sup> Competitors offering similar services would have to lower their price to \$25.00 for residential accounts, in order to be approved to bill on the Bell Atlantic bill.<sup>6</sup> Although it may seem the company with the lower price would have a competitive advantage, the reduction of the price in many instances results in the competitor being unable to recoup costs for the service or product and thus, being unable to market in the Bell Atlantic region.

---



<sup>4</sup> Bell Atlantic website, <http://www.bellatlantic.com/foryourhome/DE/Products/PAG-01/rates.html> (Exhibit 3-1)

<sup>5</sup> Bell Atlantic website, <http://www.bellatlantic.net/home/isdn/south/> (Exhibit 3-2)

<sup>6</sup> E-mail dated October 28, 1999 from Bell Atlantic to FTT (Exhibit 3-3)

Exhibit 3-1

(1 of 2)



For Your Home

State Selector

Directory Services

Area Codes


AccessAbility

Frequently Asked Questions

Site Survey

Quick Find

Paging



Paging Products and Services

Limited Time Offer

Order Paging service online now and receive your choice of a Motorola Numeric Pager for only \$27.50 (a \$59.99 value). Also, save on the monthly service charge! Offer ends December 15, 1999.

• Numeric Paging

Local Coverage \$9.99/mo

Regional Coverage \$16.99/mo

National Coverage \$25.99/mo (over 1,000 cities)

Includes a Motorola LS550 or LS750 pager for \$27.50 (a \$59.99 value). There is an activation fee of \$14.99. One year contract required. Your paging charges will appear on your monthly phone bill.

Numeric Paging Options

Repair Protection \$1.99/mo.

Check out [Get the Message](#) a package including Paging, Pager Notification and Home Voice Mail. Order online and receive your first month of Home Voice Mail FREE!

Call 1-800-305-7936 Mon-Fri 7am-9pm, Sat 8am-6pm for information.

Text paging is also available but is not included in this offer. Information about our text paging plans follow. To

Products and Services Guide [GO](#)

Additional Lines

Special Offers Caller ID

Customer Service

[Email](#) [Call](#)

[Online Order Center](#)

[Set Up a New Account](#)

[Report a Problem](#)

[View Your Bill On-Line](#)

Related Items

[Paging](#)

[Motorola LS750 FLX](#)

[Motorola LS550 FLX](#)

[Jazz Flex Pager](#)

[Wordline Flex](#)

[Paging Service](#)

[Get the Message](#)

[Terms & Conditions](#)

[Frequently Asked Questions](#)

<http://www.bellatlantic.com/foryourhome/DE/Products/PAG-01/rates.html>

10/20/99

8

## Exhibit 3-1

(2 of 2)

order text paging or for more information on text paging, call 1-800-305-7936.

- **Text Paging**

Local Coverage	\$19.99/mo
Regional Coverage	\$29.99/mo
National Coverage	\$46.99/mo
(over 1,000 cities)	

Motorola text pagers are available starting at \$39.99. One year contract required. Pagers available are the Motorola Wordline or the Motorola Jazz.

### Text Paging Options

Repair Protection	\$3.99/mo.
Operator Dispatch	\$14.99/mo.*

\*There are two ways to send a text page - Operator Dispatch and the Bell Atlantic Home Page 'Send-a-Page' feature.

To order text paging or for information on text paging, call 1-800-305-7936.

### Motorola Numeric Pagers



LS750 FLX™  
(User Guide)



LS550 FLX™  
(User Guide)

### Motorola Text Pagers



WORDline FLX™  
(User Guide)



Jazz FLX™  
(User Guide)

## Exhibit 3-2



## Internet Solutions

YOUR CONNECTION TO THE FUTURE

For Your Home: Residential ISDN

FOR YOUR BUSINESS

FOR YOUR HOME

[Bell Atlantic.net](#)

[ISDN](#)

[Integrated DSL](#)

[Consumer Care](#)

[ABOUT US](#)

[HELP](#)

[CONTACT US](#)

### Residential ISDN

*With ISDN, you can get affordable, fully digital access to the Internet all through standard telephone lines. ISDN lets you connect to the Internet at speeds of up to 128kbps. So you'll spend far less time downloading files and waiting for Web pages to load.*

#### ► Availability and Pricing

Bell Atlantic.net ISDN Internet access is currently available at \$34.95 per month for unlimited access, including GSP charges. A one-time \$9.95 setup fee will be charged upon registration. Pricing is subject to change at any time. Monthly ISDN line charges and equipment are separate. Local access is available in selected areas at this time. To check if local access is available in your area, [click here](#).

#### ► Is ISDN right for you?

Before you decide that ISDN is the right solution for you, there are a few things you should know about both its capabilities and its limitations.

#### ► Order an ISDN line

Information on how to order an ISDN line through Bell Atlantic.

#### ► Other ISDN inquiries

Call toll-free at 1-877-525-2375

**Exhibit 3-3**

-----Original Message-----

From: [REDACTED]@bellatlantic.com  
[mailto:[REDACTED]@bellatlantic.com]  
Sent: Thursday, October 28, 1999 8:30 AM  
To: [REDACTED] [FTT]  
Subject: Re: [REDACTED], #140

[REDACTED] [FTT]

You are correct, [REDACTED] was approved to bill their services based on the fact that they are marketing to businesses only. They are the only customers BA will allow to go over the cap in relation to internet type services. Residential customers are not allowed to be solicited because we still have a \$25.00 cap on these customers for internet type services.  
Hope that helps.

[REDACTED] [Bell Atlantic]

[REDACTED] <[REDACTED]@att.net> on 10/26/99 11:54:00 AM

To: [REDACTED]/EMPL/VA/Bell-Atl@BELL-ATL

cc:

Subject: [REDACTED], #140

[REDACTED] [Bell Atlantic]

In checking through my notes, I could not find anything stating the Bell Atlantic policy on this client. Was [REDACTED] approved to bill their Internet services based on the fact that they are marketing to businesses only? Or are they allowed to sell their higher speed access programs which exceed the cap to residential end users also? Presently, they are only marketing to businesses per our understanding of the policy.

[REDACTED] [FTT]

#### **4. ANTI-COMPETITIVE LEC ACTION—BELL SOUTH**

##### **Discriminatory Application of Sales Verification Requirements**

Bell South requires any provider billing under its Billing and Collections agreement to verify sales through either an Independent Third Party Verification Company or through the use of a Letter of Authorization<sup>7</sup>. Bell South refuses billing for any service which does not use one of these forms of verification. However, Bell South's own products may be ordered on-line<sup>8</sup>, or by calling their customer service center. In neither circumstance does Bell South verify the order in the same manner which is required of their competitors.

Although FTT, as a member of the Coalition to Ensure Responsible Billing ("CERB"), requires one of these forms of verification as a matter of course, Bell South's failure to provide the consumer protection afforded by this type of verification results in a cost-saving competitive advantage for Bell South products.

---

<sup>7</sup> E-mail dated March 1, 1999 to FTT from Bell South (Exhibit 4-1)

<sup>8</sup> Bell South website, <https://bsol.bellsouthonline.com/cnordering/> (Exhibit 4-2)

Exhibit 4-1

-----Original Message-----

From: [REDACTED] [mailto:[REDACTED]@bridge.bellsouth.com]

Sent: Monday, March 01, 1999 1:42 PM

To: [REDACTED] [FTT]

Cc: [REDACTED]

Subject: Bell South Addendum questions

[REDACTED] [FTT]

I have just received an answer on your Addendum questions that I escalated on 1/15 on your behalf. That shows how our issues are stacking up! Please forgive me.

You had 2 questions on the Addendum. Here they are along with the answer.

1. Section 3.A., bullet 1, dash number 6: How the end user may cancel service.

Question: This section addresses what must be in the material. I read this to mean there must be something written in the material that tells the end user how to cancel service.

Isn't it okay as long as the service provider lists their customer service number in the material? Also, [REDACTED] number is listed on the bill.

RESPONSE: Customer service number listed in the material is appropriate. THE NUMBER TO CALL FOR QUESTIONS MUST BE CLEARLY PRESENTED TO THE END USER IN THE MATERIAL. Probably, also a good idea to give the number in the sign up script or material whichever is applicable.

2. Section 6, paragraph G: "The Customer will utilize an Independent Third Party to verify that the end user has agreed to purchase the Customer's service(s) before it submits billing to BellSouth. For Clearinghouse customers, the Customer will also ensure all Clients are consistently complying with the end user authorization requirements set forth in sub-sections 6.A. through 6.I. herein".

Question: Does this paragraph apply to services that require an LOA or written authorization for sign up? I read this to mean only on telemarketing sign ups or inbound sign up programs.

RESPONSE: Yes. This applies to telemarketing and inbound telemarketing sign up methods.

I hope this helps with some of the questions you had as you read through the Addendum. Please call me if you have other questions.

Thanks,

[REDACTED] [Bell South]



Exhibit 4-2

**BELL SOUTH**

BellSouth.com Search Contact Us Site Map

ONLINE ORDERING

Simply your life. Order your BellSouth® Solutions online. It's as easy as 1-2-3.

- 1** Get a BellSouth® Complete Choice® plan...
- 2** ...and get a deal on Wireless, Paging and Internet Service
- 3** Get it now!



**Home Service Complete Choice**

When you order a BellSouth® Complete Choice® plan, you get your local telephone service plus all of the calling features you need at one low price.



**Wireless Service**

Enjoy the flexibility and freedom of wireless service. Select from several plans that let you talk as much as you need without breaking the bank.



**Paging Service**

With BellSouth® Paging, you're connected. Select from two local paging services — numeric or alphanumeric.



**Internet Service**

Connect to a world of information with BellSouth's top-rated Internet service and get unlimited usage for one monthly price.

Enter your information below to begin building your own BellSouth solution†.

Telephone Number:  
 -  -

**and**

RightTouch® Personal Access Code (PAC):

or

Social Security Number (only last 4 digits):

**CONTINUE**

Copyright 1999 BellSouth Telecommunications, Inc. All Rights Reserved. [Legal Authorizations and Notices](#)

This online ordering system requires Netscape Navigator 4.0 or higher or Internet Explorer 4.0 or higher.

†BellSouth® Solutions available only to residential customers subscribing to the BellSouth® Complete Choice® plan. Certain restrictions and/or connection fees apply. To be eligible for cash back, paging and wireless services must be activated by 11/30/99 and BellSouth.net software must be activated by 11/15/99. \$15 cash back offer only available to new subscribers. Cash back coupons are redeemable for one \$15 check for each new, eligible service ordered from BellSouth® Solutions between 9/1/99 to 10/31/99. Coupons must be received by 1/31/00. For residents of South Carolina the \$15 cash back offer does not apply to new BellSouth® Complete Choice® plan orders.

## **5. ANTI-COMPETITIVE LEC ACTION—GTE**

### **Discriminatory Fee Disclosure Requirements for Competitive Services**

GTE requires all competitive providers to list all applicable charges and fees in all marketing materials and communications with the end user. A competitive provider will be denied billing if the charges and fees are not listed in all materials to GTE's satisfaction.<sup>9</sup> GTE, however, does not list all applicable charges and fees in all marketing materials for their own products.<sup>10</sup> For example, the attached letter from GTE, sent to alert a consumer of a recent service addition or purchase, does not contain any of the prices or fees involved in the transaction. GTE, therefore, is saving the costs involved in printing associated fees, while competitive providers are forced to list all possible fees in order to obtain approval for billing on the GTE bill. FTT does not object to the disclosure of applicable charges and fees, but to the cost and time saving advantage afforded to GTE services.

---

<sup>9</sup> E-mail dated January 6, 1999 from GTE to FTT (Exhibit 5-1)

<sup>10</sup> Fulfillment letter from GTE for GTE Call Waiting Service, dated October 2, 1999 (Exhibit 5-2)

Exhibit 5-1  
(1 of 2)

[REDACTED]  
From: [REDACTED] [FTT]  
Sent: Wednesday, January 06, 1999 10:18 AM  
To: [REDACTED] [FTT]  
Subject: RE: FTT-3A - EMI Acknowledgment of Receipt

I am faxing over the new Welcome letters for this program. I will get the new scripts as soon as possible. Please change the text phrases as you suggested below.

Thanks, [REDACTED]

From: [REDACTED]  
Sent: Friday, November 06, 1998 1:37 PM  
To: [REDACTED]  
Cc: [REDACTED]  
Subject: FTT-3A - EMI Acknowledgment of Receipt

GTE  
TO: [REDACTED]  
PON: FTT-3A-GT-ZZ-A-PTA-1  
CIC: Federal TransTel  
TITLE: EMI 41/42 Text Phrase

This will acknowledge receipt of your request to add a EMI 41/42 text phrase as follows:

(Your Subcic #00125, [REDACTED])  
Voice Mail U  
VM U Set-Up  
[REDACTED] VoiceMail 2 Monthly Fee  
[REDACTED] VoiceMail 2 OneTime SetUp Fee  
[REDACTED] VoiceMail 4 Monthly Fee  
[REDACTED] VoiceMail 4 OneTime SetUp Fee  
[REDACTED] Voicemail Additional Messages

I know that you sent some revised phrases for this right after we received the PON, however, I would like to offer the following suggestions:

[REDACTED] VMail Unlimited MthFee  
[REDACTED] VMail Unlimit SetUpFee  
[REDACTED] VMail 200Msg Mth Fee  
[REDACTED] VMail 200Msg SetUpFee  
[REDACTED] VMail 400Msg Mth Fee  
[REDACTED] VMail 400Msg SetUpFee  
[REDACTED] VMail Add'l Msg Fee

These are just my suggestions. You may prefer to have some of your own. Please let me know as soon as possible if you approve these or wish to submit your own.

In looking over your documentation, I notice that the telemarketing scripts open with a paragraph including "your number has been selected as a preferred account making it eligible". Our Product Management Department has had a problem with this verbiage in the past. If you like, I will submit it as it is, or you may want to revise it to say something like "your number has been selected to make it eligible".

Your verification script for the "200" and the "400" program does not state that the end-user will be billed \$.15 per message over the limited number. One of GTE's requirements is that the telemarketing script, the verification script, and the fulfillment letter all recap exactly what

**Exhibit 5-1**

(2 of 2)

charges the end-user will incur. Please revise the two verification scripts for the limited programs.

I am placing this PON on "hold" status until I hear from you concerning the above.

Please contact me at [REDACTED] if you have any questions.

Sincerely yours,

[REDACTED]

[REDACTED]  
Customer Billing Change Control  
GTE Network Services

Exhibit 5-2



GTE Telephone Operations

October 02, 1999

[REDACTED]  
[REDACTED]

JEMISON, AL 35085-6103

Thank you for the opportunity to help plan your telecommunications needs.

The enclosed order confirmation replaces the itemization previously mailed to you and reflects changes made to your recent telephone service order.

We appreciate your business and look forward to providing you with excellent service. If you need any further assistance or have any questions, please call 1-800-483-4300.

Sincerely,

Your GTE Service Representative

P.S. You can also visit us at our website - [www.gte.com](http://www.gte.com).



GTE Telephone Operations

Billing Number: [REDACTED]  
Service Order Number C4799102  
Date of Request 09/24/1999

Page 2

Activity Quantity Description

ADD 1 CALL WAITING/CANCEL CALL WAITING

This statement does not reflect Taxes and Surcharges. Telephone number assignment is not guaranteed. GTE assumes no liability in the event a different number is assigned. GTE is required by the utilities commission to charge the rates that are listed in our tariffs. Should there be a conflict between the quoted rate and the tariff, the tariffed rate will prevail.

## **6. ANTI-COMPETITIVE LEC ACTION—US WEST**

In a bold anti-competitive maneuver, US WEST has announced it will remove all competitive ancillary services from its local telephone bill. Beginning on December 1, 1999, US WEST plans to separate billing for its own services and billing for competitive services. At that time, US WEST services will be presented in the traditional US WEST envelope while competitive services will be no longer be allowed access to that billing platform. US WEST's ancillary services, such as voice mail, caller ID, Internet access, etc., will receive a significant competitive advantage from appearing on the US WEST local telephone bill.

Against this backdrop, US WEST made a narrow exception to its policy where it is willing to allow FTT to bill for a product on the US WEST bill because that product, while manufactured and billed by a competitor, is a US WEST product. US WEST explained, "I know you have been in negotiations with ~~Lucent (Globe)~~ who are the vendor for a US WEST provided service referred to as ~~Power Messaging~~." I have received confirmation from our Director of Information and Billing Services that US WEST will continue to bill these messages in the shared bill on behalf of FTT. This decision has been made because the product being billed is a US WEST product. This is the only service US WEST will make an exception ..." <sup>11</sup> Clearly, US WEST recognizes the significant advantage flowing from use of the LEC bill and wants to reserve this advantage for itself.

When questioned for the reasoning behind this decision, US WEST cited "high complaints" against service providers who bill through clearinghouses. Yet in a letter to Lawrence E. Strickling, Chief of the Common Carrier Bureau of the Federal Communications Commission, US WEST states cramming complaints have dropped over the past year from a level of about 60 escalated complaints each month to less than one a month.<sup>12</sup> Citing cramming complaints is merely an excuse for US WEST's anti-competitive decision to remove all competitive ancillary services from the local bill.

---

<sup>11</sup> Letter dated November 24, 1998, from US WEST to FTT (Exhibit 7-1)

<sup>12</sup> Letter to Lawrence E. Strickling, FCC, from US WEST dated July 30, 1999 (Exhibit 7-2)

Exhibit 6-1

1801 California Street  
Room 2130  
Denver, CO 80202  
November 24, 1998



[REDACTED]  
Federal TransTel  
2868 Acton Road  
Suite 100  
Birmingham, AL 35243

Dear [REDACTED],

Please accept my apologies for my extreme tardiness in sending this confirmation letter to you. I value the business you bring to U S WEST, although have not shown it though this request.

As we discussed during our meeting at CompTel last month, U S WEST is moving forward with its business decision to move 900 and SS&P billing from the "shared" LEC bill to a stand-alone bill. Our target to make this happen is May 1999, when U S WEST *Your Bill* is implemented.

I know you have been in negotiations with [REDACTED] who are the vendor for a U S WEST provided service referred to as "[REDACTED]". I have received confirmation from our [REDACTED] that U S WEST will continue to bill these messages (if approved through the existing SS&P processes) in the shared bill on behalf of FTT. This decision has been made because the product being billed is a U S WEST product.

This is the only service U S WEST will make exception for with FTT and I suspect we will develop an Addendum to your contract stipulating terms to the exception. We have not identified the terms as yet; our present focus has been on developing language for U S WEST *Your Bill*, which we hope to deliver to you late in December.

[REDACTED] and I look forward to continuing our business relationship through U S WEST *Your Bill*. As a reminder, it is a national billing opportunity, not subject to traditional LEC boundaries. I know you will find it to be a solution to the Return Code 50 issues with which all clearing houses are presently faced.

Thank you, again, for your patience. I apologize for any inconvenience my delays may have caused.

Sincerely,

[REDACTED SIGNATURE]

[REDACTED]  
Account Manager

**DISTRIBUTED**  
**12-3-98**

Exhibit 6-2

(1 of 3)

U S WEST, Inc.  
1801 California Street, Suite 5100  
Denver, Colorado 80202  
303 672-2888  
Facsimile 303 295-8873  
KKRAUSE@USWEST.COM

Kathryn Marie Krause  
Senior Attorney

RECEIVED

USWEST

JUL 30 1999

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

July 30, 1999

Mr. Lawrence E. Strickling  
Chief, Common Carrier Bureau  
Federal Communications Commission  
Portals II  
445-12<sup>th</sup> Street, S.W.  
Room 5C-345  
Washington, D.C. 20554

Re: Industry Best Practices to Eliminate Cramming; Follow-Up Requests

Dear Mr. Strickling,

I am responding to your July 8, 1999 letter to Ms. BB Nugent, Executive Directory, Federal Regulatory at U S WEST. Ms. Nugent has changed positions and I have been asked to respond to your inquiries regarding U S WEST's implementation of the Industry's "Anti-Cramming Best Practices Guidelines" ("Guidelines"). Below, we respond to your specific questions. But I wanted to make a few preliminary remarks that might better set the stage for our responses.

Even before Chairman Kennard urged the Industry to come up with Anti-Cramming Guidelines, U S WEST was already acting aggressively to curb cramming. Through both established policies around what U S WEST was willing to bill for (i.e., only telecommunications-related services) and some well-crafted billing and collection contracts, U S WEST had considerable discretion and flexibility around our relationship with service providers that allowed us to act in a fashion that protected our customers against cramming conduct. See attached letter from Sol Trujillo, President of U S WEST to William Kennard, Chairman of the FCC, dated May 19, 1998 and attached to this correspondence for your easy reference. (I also attach a letter (but not the referenced attachment) from myself to Mr. John B. Muleta, Deputy Chief, dated December 31, 1997. That letter outlines in broad detail than Mr. Trujillo's letter U S WEST's position and philosophy with respect to third-party billing. This document might be helpful to give you a "bigger picture" of where U S WEST "started from" in our anti-cramming efforts. As you can discern from that correspondence, U S WEST actively manages our third-party billing relationships from the inception of the relationship through the contract



## Exhibit 6-2

(2 of 3)

Lawrence E. Strickling  
July 30, 1999  
Page 2

formation through its termination -- sometimes not voluntarily from the perspective of the third party.)

We believe our efforts prior to the convening of the Industry forum on cramming allowed us to exert considerable leadership with respect to the crafting of the Guidelines. Thus, we may not have the same level of activity with respect to "implementing" the Guidelines as others might. Other industry participants might have actually had to institute new policies and change contractual language and relationships as a result of the industry work. For the most part, we did not.

Essentially, U S WEST has solid, commercially reasonable contracts that give us considerable discretion over whom we bill and for what. That discretion has allowed us to require a great deal of pre-screening material before we bill for a vendor and to adjust the relationship if problems begin to develop. Primarily as a result of that contractual language, U S WEST has seen cramming complaints reduce from a level of about 60 escalated complaints each month (those coming into our Executive Complaint Group or from state or federal regulatory agencies, see Guideline III.A.3) to less than one a month. Given these numbers, it is obvious that no federal regulatory intervention is needed in this area at this time.

Finally, we should mention that sometime during the final quarter of this year, U S WEST will be moving all non-IXC billing out of our "integrated" or "joint" bill. Those billings will move to a stand alone bill that will, for all purposes, look to the end user as if it came directly from the service provider or vendor. Essentially U S WEST will be nothing more than a printing press. We will not handle inquiry calls from customers (i.e., our name and phone number will be nowhere on the bill) or process revenues received (i.e., the money will go directly to the service provider). Everything about the bill will be crafted as a direct billing from the service provider to the end user. Any complaints about the contents of the bill will be directed to the service provider at its customer service number. There will be no "indicia of LEC-ness" anywhere.

Below, we respond to your questions in two formats. First, I provide a short narrative description responding to your questions. Next, we attach a document addressing each of the eight Anti-Cramming Practices Guidelines and provide somewhat more detail on our activities and what elements of the Guidelines we have implemented and which we have not.

**Exhibit 6-2**

(3 of 3)

Lawrence E. Strickling

July 30, 1999

Page 3

If I can be of any further assistance to you, either by speaking with you directly or by putting you in contact with the U S WEST clients in charge of our specialized services and products ("SS&P") billing activities, please give me a call at the above phone number.

Sincerely,

A handwritten signature in black ink, appearing to read "Kathryn M. Krause" followed by a stylized flourish.